Norway

International Estate Planning Guide

IBA Private Client Tax Committee

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1. NORWEGIAN WILLS

Under Norwegian law, strict formal requirements apply for a will to be considered valid. First, the will must be in writing. Audio or video recordings are not sufficient.

Furthermore, the testator must personally sign the document, and the signature must be witnessed by two individuals. This can be achieved either by the testator signing the will in the presence of both witnesses, or by the testator acknowledging their signature before both witnesses, either together or separately. The witnesses must then sign the will while the testator is present, and they must be aware that the document they are signing is a will, although they do not need to have been made aware of its specific contents. Currently, section 42 of the Norwegian Inheritance Act (*arveloven*) provides that the King in Council may, by regulation, establish rules permitting wills to be signed digitally. However, as of today, no such regulation has been issued, as the benefits are not considered to outweigh the potential risks associated with digital signatures.

Both the testator and the witnesses must be at least 18 years old and capable of understanding or assessing the disposition. A witness is disqualified if they, or their close relatives, are beneficiaries under the will, or if they are employed by the testator at the time the will is signed.

In addition to these formal requirements, Norwegian law imposes substantive limitations on the content of a will. The most significant of these limitations are the rules on the forced share for descendants (*pliktdelsarv*) and the minimum inheritance for spouses. The rules on forced share mean that two-thirds of the testator's net estate is reserved for the testator's children and their descendants, and this portion cannot be freely disposed of through a will without their consent. However, for each individual heir, the forced share is capped at 15 times the national insurance basic amount (hereinafter, described as 'G'). As of 1 May 2025, G is NOK 130,160.

The spouse's minimum inheritance operates in a similar way, ensuring that the spouse cannot be left less than four G if the deceased has direct descendants, or six G if there are no direct descendants. Without a will, the spouses' prescribed share is one-fourth if the deceased has direct descendants (children and grandchildren), and half of that if the deceased leaves no direct descendants (parents and siblings) (see also section II.B, below).

If the testator intends to limit the spouse's inheritance to the statutory minimum, four G and six G, Norwegian law requires that the spouse be notified of the will before the testator's death. Otherwise, the testator is free to revoke or amend the will at any time, provided that any changes also comply with the same formal requirements.

2. ENFORCEABILITY OF FOREIGN WILLS

Under Norwegian law, the enforceability of foreign wills is governed by Article 80 of the Norwegian Inheritance Act, which is based on Norway's obligations under the 1961 Hague Convention on the Conflicts of Laws Relating to the Form of Testamentary Dispositions. The central principle is that a will made abroad may be considered formally valid in Norway if it complies with the formal requirements of one of several possible legal systems. Specifically, a will is valid if it complies with the internal law:

- of the place where the testator made it;
- of a nationality possessed by the testator, either at the time when they made the disposition or at the time of their death;
- of a place in which the testator had their domicile, either at the time when they made the disposition or at the time of their death;
- of the place in which the testator had their habitual residence, either at the time when they made the disposition or at the time of their death; or
- insofar as immovables are concerned, of the place where they are situated.

In practice, this means that a foreign will can be recognised as valid by the Norwegian courts even if it does not meet Norwegian formal requirements, provided it satisfies the requirements of one of the alternative legal systems mentioned above. For example, a handwritten will without witnesses made in France (a so-called 'holographic will') would be accepted in Norway, even though such wills are not generally valid under Norwegian law outside of emergency situations.

It is also important to note that the rules on the formal validity of foreign wills apply equally to the revocation or amendment of a will. If a will is revoked or amended in accordance with the law of any of the jurisdictions listed above, such revocation or amendment will be recognised as valid in Norway.

However, while the formal validity of a foreign will may be recognised, the substantive provisions of the will remain subject to Norwegian mandatory inheritance rules if Norwegian law applies to the succession. This includes the rules on the forced share for descendants and the minimum inheritance for spouses (see above in section 1). Thus, even if a foreign will is formally valid, its content may be set aside to the extent that it conflicts with these mandatory rules.

B. Will substitutes

Norwegian law recognises several mechanisms that may serve as alternatives to a traditional will, enabling the transfer of assets outside the formal probate process. The most common will substitutes in Norway include lifetime (*inter vivos*) gifts and marital agreements.

Lifetime gifts are frequently employed as a means of transferring assets during the donor's lifetime. However, substantial gifts made shortly before death may be subject to reversal if the gift is deemed not to have had genuine significance for the deceased during their lifetime (*donatio mortis causa*). This is intended to prevent the donor from circumventing the rules on forced share for descendants (*pliktdelsarv*) and general testamentary regulations, by transferring their wealth immediately prior to their death or by attaching conditions that diminish the substantive reality of the disposition.

Lifetime gifts intended as advancements on inheritance do not require formal documentation to be considered as advancements on inheritance, provided it can be substantiated that a future reduction of the recipient's share in the estate was a condition for the gift. Nevertheless, it is recommended to prepare a deed of gift, signed by both the donor and the recipient, to clearly document the agreement regarding the advancement on inheritance.

If the surviving spouse is in possession of an undivided estate (*uskifte*), a legal arrangement under Norwegian law whereby the surviving spouse retains the deceased's assets undivided until their own death, certain restrictions apply to the transfer of gifts and advancements on inheritance. For example, the surviving spouse may not make gifts that are disproportionate to the size of the

undivided estate without the consent of the heirs (See section I.C for more details on the spouse's right to retain the undivided estate).

Marital agreements (*ektepakter*) can also function as will substitutes to some extent. When one spouse passes away, a division of marital assets must be carried out before the inheritance can be distributed. This process allows the spouses, in accordance with the provisions in the Marriage Act, to arrange for the transfer of assets prior to the distribution of the estate. Such arrangements can be particularly useful in cases where both spouses wish to increase or decrease the share of assets received by the surviving spouse.

Trusts, as understood in common law jurisdictions, are not recognised under Norwegian law. However, Norwegian law does provide for the establishment of foundations (*stiftelser*), which may be used for certain succession planning purposes (See section III for more details on foundations).

C. Power of attorney, directives and similar disability documents

In Norway, individuals have the opportunity to plan ahead for the possibility of future incapacity by executing legal instruments that delegate decision-making authority to trusted persons. The most significant of these instruments is the '*fremtidsfullmakt*' (power of attorney for the future), which is a substitute for having the county governor (Statsforvalteren) appoint a guardian.

A power of attorney for the future is a document that allows an individual (the principal) to appoint one or more persons to manage their financial and/or personal affairs if they later become incapable of doing so themselves. The power of attorney is designed to take effect only upon the principal's loss of capacity to safeguard their own interests, due to a mental disorder, including dementia, or seriously impaired health. This arrangement enables the principal to choose trusted representatives in advance and to specify the scope of authority granted, ensuring that their interests are safeguarded according to their wishes in the event of future incapacity.

A power of attorney for the future must comply with strict formal requirements in order to be valid. The document must be made in writing with two witnesses approved by the principal, who must be present together when the document is signed or when the principal acknowledges their signature. The witnesses must be aware that the document is intended to serve as a power of attorney for the future, although they do not need to be made aware of its specific contents. Each witness must be at least 18 years old and capable of understanding the significance of their signature. Lastly, the attorney-in-fact (the person being granted authority) cannot act as a witness. Nor may the attorney-in-fact's spouse, cohabitant, parents, children or grandchildren serve as witnesses.

From the moment the power of attorney enters into effect, it is, as a general rule, valid and may be exercised immediately. However, in many situations, it is also required that the power of attorney is confirmed by the county governor (Statsforvalteren), which issues a letter of confirmation. Such a letter of confirmation serves as an official acknowledgment that the power of attorney has come into force, thereby enabling third parties to safely rely on and act in accordance with its provisions.

Beyond the power of attorney for the future, Norwegian law also provides for ordinary powers of attorney, which remain valid even if the principal's capacity is diminished. However, third parties can be hesitant to honour such mandates once an individual's competence is called into question.

For adults who have failed to set up a power of attorney for the future and later lose capacity entirely, the county governor can appoint a guardian, known in Norwegian practice as a '*verge*'. The guardian's task is to safeguard the best interests of the individual under the oversight of the county governor. However, this arrangement is often considered less desirable, as it can be costly and does not provide the same opportunity to instruct the person responsible for safeguarding the individual's interests.

II. Estate administration

A. Overview of administration procedures

1. PRIVATE ADMINISTRATION VERSUS PUBLIC ADMINISTRATION

When a person dies in Norway, the District Court notifies their heirs about the possibility of private or public administration. The heirs receive information about who the heirs are and whether a will exists. Normally, a meeting is only called by the District Court if the heirs request it.

i. Private administration

In regard to private administration, one or more heirs assume responsibility for the deceased's assets and debts. This means that the heirs must handle all the obligations, pay bills, manage properties and carry out any sales by themselves. Private administration is often cost saving, provides greater flexibility and personal control, but also involves risk if the estate's finances are unknown. It is important to assess the estate's assets before taking on such a responsibility. The heirs must submit a declaration to the District Court within 60 days of the person's death, signed by all of the heirs and the person taking over the estate. It is possible to engage a lawyer to assist heirs during private administration if legal or financial expertise is needed.

ii. Public administration

In regard to public administration, the District Court appoints an estate administrator, usually a lawyer, who handles the entire administration of the estate. The administrator has the authority to manage the estate's assets and is responsible for paying creditors, distributing assets and continuously informing the heirs of any progress. The process begins with an estate meeting during which the heirs are informed about the situation and any disputes are identified. The administrator provides a status update to the District Court every three months, which is also sent to the heirs. When the work is completed, final documents are sent to the District Court, which makes a decision about the distribution of the assets. The heirs can appeal this decision.

Public administration involves the participation of a neutral third party, the estate administrator, and is recommended for complex estates or disagreements among heirs. The disadvantage is that it incurs higher costs and involves less flexibility for the heirs. In regard to public administration, the estate is responsible for the debts, rather than the heirs personally.

iii. Proclamation and liability for debt

The District Court issues a proclamation so that creditors can submit claims. In regard to public administration, the District Court does this immediately, while during private administration, the heirs must request the issuance of a proclamation. Only submitted claims, with some exceptions, are covered by the estate. The rules regarding the proclamation period apply only to Norwegian claims. Existing foreign claims are not subject to the proclamation deadline. In regard to private

administration, the heirs are personally liable for the debts, while in regard to public administration, the estate is liable. The estate during public administration is a separate legal entity that can enter into legal action against third parties and can be sued. An estate subject to private administration does not have the capacity to enter into legal action and cannot be sued. The heirs involved will personally have to enter into any legal action and face the risk of being sued in person by any third party claiming to have an unsettled matter against the deceased.

It is possible to make a request for the public administration of an estate that has been subject to private administration by the heirs, and vice versa, if the heirs so wish to do so.

2. INTERNATIONAL ESTATES

Norwegian citizens can decide which legal rules shall apply to the administration of their estate, provided this is expressly stated in their will. This choice must comply with international rules, such as the Nordic inheritance conventions or other applicable agreements. If no choice is made, the legal rules of the country where the individual had their habitual residence at the time of their death will generally apply to the administration of their estate.

B. Intestate succession and forced heirship

In Norway, the Inheritance Act determines who inherits what. This depends on the family situation and whether the deceased has written a will. If the deceased has direct descendants (*livsarvinger*), they inherit everything according to the law, and the inheritance is divided equally among them. If a child is deceased, that child's share passes on to their children. The portion of the inheritance that direct descendants are entitled to is called the 'forced share' (*pliktdelsarv*) and constitutes two-thirds of the inheritance if the deceased leaves behind a spouse. The forced share can be limited to 15 G, which as of today (2025) is NOK 1,952,400. The remaining inheritance can be freely disposed of through the will.

If the deceased has no direct descendants, the inheritance goes to their parents and their descendants, then to their grandparents and their children. The children of aunts and uncles (cousins) do not inherit anything in this scenario. If the deceased has no direct descendants, the inheritance goes to the parents and their descendants, then to the grandparents and their descendants. However, more remote descendants of the grandparents than their grandchildren (the deceased's cousins) are not entitled to inherit without a will. If the deceased has no such lawful heirs, the inheritance goes to voluntary organisations benefiting children and youths. The Ministry of Culture and Equality is authorised to issue further regulations regarding the distribution of assets to such organisations.

A spouse is always entitled to a share of the inheritance. If the deceased has direct descendants (children), the spouse inherits one-quarter of the estate, which will be at least four G. Today (2025) four G is NOK 520,640. The deceased's spouse may also retain undivided possession of the estate (*uskifte*) with the deceased's direct descendants and/or children from previous relationships (with the latter's consent), postponing the division of assets until the surviving spouse passes away. If the deceased has no direct descendants but has parents or siblings, the spouse inherits at least six G. If the deceased has neither direct descendants nor parents/siblings, the spouse inherits everything.

A cohabitant (*samboer*) is not secure in terms of their legal rights in the same way as a spouse. If the deceased had a cohabitant with whom they have children or who was expecting a child, the cohabitant is entitled to an inheritance equivalent to four G. A cohabitant of the deceased without

children has no inheritance rights unless specified in a will. If the deceased had been a cohabitant for at least five years, it can be stipulated in a will that the cohabitant shall inherit up to four G, even if the deceased has direct descendants. It is recommended that cohabitants make a will to secure each other's rights.

It should be noted that a new Cohabitation Act (*samboerlov*) has been proposed in Norway. The proposals in the new law include regulations regarding joint ownership, the division of assets upon separation and compensation. The law will have an effect on both existing and new cohabitation relationships.

It is also recommended that a will is made to determine who shall inherit the part of the estate that is not the forced share or minimum inheritance for a spouse/cohabitant. The will must meet certain formal requirements, including being made in the presence of witnesses (see also section I.A).

Gifts given as an advance on inheritance must be deducted from the final inheritance settlement, according to specific rules set out in the Inheritance Act. It is important to note that, under Norwegian rules, only gifts with the condition that they are to be deducted from the final inheritance can be deducted. There are also rules regarding gifts given during a person's lifetime (see section I.B).

C. Marital property

The estate of the deceased comprises all of the rights and obligations of the deceased. During probate proceedings, it must be determined which rights and obligations are included in the estate.

When the deceased is married, the spouses' assets must be divided in accordance with the Marriage Act before the estate can be distributed among the heirs.

The statutory Norwegian marital property regime concerns 'community property' (*felleseie*). 'Separate property' (*særeie*) may be agreed upon in a marital agreement or determined by the donor or testator.

1. COMMUNITY PROPERTY

The main rule is that the spouses' total assets shall be divided equally after deducting any debts. Assets that are subject to equal division upon divorce are referred to as 'community property'.

The community property regime does not entail joint ownership, but it means that these assets are included in the settlement upon divorce.

Unequal division (*skjevdeling*) is an exception to the general rule on the equal division of assets upon divorce. Spouses are not required to share assets that can be clearly traced back to assets they owned prior to the marriage or to assets received as inheritance or as a gift from someone other than the other spouse during the marriage. There is a high standard of evidence required to exclude assets from division under this rule. This can make it challenging to prove that a spouse still possesses assets originating from before the marriage or assets that were inherited or received as a gift from others.

Spouses may claim unequal division (*skjevdeling*) of assets acquired before the marriage, even if they embarked on a long-term cohabitation period prior to marrying. In connection with the proposed new Cohabitation Act, as mentioned above, it has been suggested that assets acquired for joint personal use during long-term cohabitation, in accordance with the Cohabitation Act, should not be subject to unequal division.

Spouses may also request to exclude certain items from the division of assets (*forloddskrav*). Examples include personal belongings, such as clothing, jewellery and family photographs, as well as rights under insurance policies and public social security schemes that do not have a surrender value.

Each spouse contains full ownership rights to their assets and liability for their own debts. Marriage does not, as a general rule, impose any restrictions on a spouse's ability to dispose of their own assets. The Marriage Act provides certain exceptions for special types of property, such as the spouse's marital home, including movables and other ordinary chattels and household effects.

2. SEPARATE PROPERTY

Spouses may agree both before and during marriage that what they own or later acquire shall be excluded from the division. The agreement must be made in a marital agreement, which means that there are certain formal requirements that must be followed in order to establish such an agreement.

On the whole, it is possible to tailor the marital agreement according to the spouses' wishes, for example so that only certain assets or property are excluded from the division, that the spouses only have separate property for the first few years of marriage or that the separate property becomes community property upon their death.

3. SPOUSE'S RIGHT TO RETAIN THE UNDIVIDED ESTATE (*USKIFTE*)

Spouses with shared children have the right to retain the undivided estate with respect to 'community property'. The main rule is that the right to retain the undivided estate does not include the deceased spouse's 'separate property'. However, separate property may be included in the undivided estate, for example, if this is provided for in a marital agreement or if the heirs consent.

If the deceased spouse leaves behind children from a previous relationship (children the deceased had with someone other than the surviving spouse), the surviving spouse may only retain the undivided estate with the consent of such children. These children, therefore, have the power to demand their inheritance immediately.

The surviving spouse or cohabitant may normally use all of the assets and property in the undivided estate as if they hold full ownership. The Inheritance Act restricts the right to make larger gifts and to distribute the undivided estate.

4. COHABITANT'S RIGHT TO RETAIN THE UNDIVIDED ESTATE (*USKIFTE*)

Cohabitants have a significantly weaker right to retain the undivided estate than spouses. A cohabitant is only entitled to retain the undivided estate if they have, have had or are expecting a child with the deceased cohabitant. Furthermore, cohabitants are only entitled to take over the

shared residence and household contents, as well as a car and cabin with its contents, provided that these assets served as common property of the cohabitants.

According to the law, cohabitants without shared children have neither the right of inheritance nor the right to retain the undivided estate upon the death of the cohabitant. Such rights must be established in the cohabitant's will.

D. Tenancies, survivorship accounts and payable on death accounts

Norwegian law does not recognise instruments such as tenancies, 'payable on death' accounts or survivorship accounts. The transfer of assets upon death is primarily governed by the rules of inheritance and according to wills.

The Marriage Act contains provisions regarding which assets a spouse may demand to take over. The deceased's share of the marital property, including assets, forms part of the deceased's estate and is subject to distribution according to inheritance law.

This also applies to assets that are co-owned by the spouses. Even if spouses hold joint bank accounts, the surviving spouse does not automatically have the right to the entire balance. Ownership of such accounts is determined based on each spouse's contribution and the applicable inheritance rules.

Common non-probate assets in Norway include life insurance policies with a designated beneficiary, lifetime (*inter vivos*) gifts and separate property excluded from the estate by marital agreement or by the donor/testator. However, these are exceptions, and the general rule is that assets are distributed through the estate administration process (see also section I.B).

III. Trusts, foundations and other planning structures

A. Common techniques

1. TRUSTS

The trust system, as applicable in other common law jurisdictions, is not recognised under Norwegian law. Consequently, it is not possible to establish or administer a trust in Norway, making this structure unavailable for domestic estate planning purposes.

2. FOUNDATIONS

It is possible to establish legal entities in form of foundations in Norway. A foundation is a self-owned entity, created through the transfer of assets from a founder. These assets must be managed and utilised for specific purposes as set out in the foundation's statutes, usually over an extended period. The foundation has absolute ownership rights over its assets and is governed by an independent board of directors. Most Norwegian foundations are established to support charitable, humanitarian, cultural or educational causes. Foundations that are not established for profit, but rather for idealistic or public benefit purposes, may be exempt from wealth and income tax. The establishment of a foundation can serve as a means to donate to charitable causes, while also achieving tax advantages. However, it is uncommon in Norway to establish a foundation primarily for the benefit of the founder's spouse, descendants or other relatives, as this is generally not considered a tax-efficient option.

3. LIMITED LIABILITY COMPANIES

Other planning structures, such as holding companies or family-owned companies, are sometimes used to facilitate succession planning, asset protection and tax efficiency. These structures must comply with Norwegian company law and tax regulations.

Overall, estate planning in Norway typically relies on wills, gifts and corporate structures rather than trusts, with foundations being the primary vehicle for more complex planning needs.

B. Fiduciary duties (trustees, board members, directors, etc)

1. TRUSTS

Since trusts are not recognised under Norwegian law, there are no specific regulations in Norway that protect or govern the fiduciary duties associated with trusts.

2. FOUNDATIONS

The governance of a foundation is regulated by its statutes and is overseen by a board of directors, in accordance with the Norwegian Foundations Act (*stiftelsesloven*). Once assets are transferred to a foundation, they are no longer part of the founder's estate, which can provide continuity and asset protection, but also means the founder relinquishes control over the assets.

3. LIMITED LIABILITY COMPANIES

Under Norwegian law, the fiduciary duties of directors and management in regard to a limited liability company (*aksjeselskap*) are primarily regulated by the Norwegian Private Limited Liability Companies Act (*aksjeloven*). The directors and management must act in the best interests of the company and its shareholders, and within the powers granted by law, the company's articles of association and resolutions of the general assembly. Directors must ensure that distributions to shareholders (such as dividends) are made in accordance with the law and only from distributable equity.

4. PROTECTION OF THE ASSETS OF MINORS

It is usually the child's parents or legal guardian who manage the finances of children under the age of 18. However, in some cases the child's assets should be managed by the county governor (Statsforvalteren). If a child's total assets exceed two G, the county governor is required to assume responsibility for the administration and management of the child's assets. As of 2025, two G equals approximately NOK 260,320.

If a will, deed of gift, or similar legal document expressly states that the funds are to be managed by the county governor, this instruction will apply irrespective of the amount involved. Conversely, it is also permissible to specify in such documents, whether in a will (*mortis causa*) or when donating a gift (*inter vivos*), that the funds are not to be managed by the county governor, thereby exempting them from such oversight.

When the county governor takes over management, the funds are placed in a separate account in the child's name, and there are strict rules for withdrawals and use of the funds. Parents/guardians must apply to the county governor for permission to use the child's funds for

major expenses. This oversight is designed to safeguard the child's financial interests and ensure that the assets are used solely for the child's benefit.

C. Treatment of foreign trusts and foundations

Since Norway does not recognise trust arrangements as separate legal entities under its legal system, any involvement of Norwegian residents in trusts necessarily pertains to foreign trusts. The tax and legal treatment of such structures can be complex, often requiring careful analysis under Norwegian tax law.

As a general principle, the taxation of trusts and their beneficiaries is aligned with the tax treatment that would apply to comparable arrangements under Norwegian law. From legal precedents regarding the taxation of trusts, it follows that each trust must be assessed individually, considering its specific characteristics and circumstances. Typically, beneficiaries of trusts should anticipate being subject to tax on any distributions they receive from the trust and may also be liable for wealth tax on their proportional share of the trust's underlying assets.

IV. Taxation

A. Domicile and residency

Norwegian tax residency is determined by a person's physical presence and duration of stay in Norway. Domicile, as a legal concept, is less relevant for Norwegian tax purposes, as the focus is on an individual's actual residence and presence in the country.

An individual becomes a tax resident if they stay in Norway for more than 183 days in any 12-month period or more than 270 days over a 36-month period. Tax residency is generally established from the first year these thresholds are met. Ceasing to be a tax resident typically requires both physical departure from Norway and meeting specific conditions, such as not maintaining a home in Norway and remaining abroad for a sufficient period.

Individuals who are tax residents in Norway are subject to tax on their worldwide income, while non-residents are taxed only on Norwegian-source income.

B. Gift, estate and inheritance taxes

Norway does not currently levy gift or inheritance taxes. These were abolished in 2014. Consequently, individuals are free to transfer assets either as gifts during their lifetime or as inheritance upon their death without incurring specific Norwegian tax liabilities on the transfer of the asset itself. However, recipients of such gifts or inheritance should be aware that if they subsequently sell the inherited or gifted assets, they may be subject to capital gains tax. This is because the recipient inherits the donor's original cost basis, based the carryover cost basis principle, which can affect the calculation of taxable gains upon the sale of assets.

It is important to recognise that, although there are no direct taxes on the act of gifting or inheriting assets, other tax obligations, such as wealth tax or capital gains tax, may still arise depending on the type and value of the assets involved. Additionally, the transfer of shares or similar financial instruments, whether as a gift or through inheritance, to an individual who is not a Norwegian tax resident, may trigger an exit tax on any unrealised gains at the time of the transfer.

Furthermore, a deceased's estate that is under administration is liable for its own income and wealth tax until the estate's assets have been transferred to the heirs.

C. Taxes on income and capital

Norway operates a comprehensive tax system that includes the taxation of both income and wealth for individuals and entities.

1. INCOME TAX

The income tax system is progressive, with rates increasing according to certain income brackets. It consists of a base rate (national tax) and a bracket tax (*trinnskatt*) that applies additional rates for higher levels of employment income.

The tax rate on general income is flat at 22 per cent, with a higher rate of 37.84 per cent on income from shares, ie, gains and dividends.

Corporate entities are subject to a flat corporate income tax rate on their worldwide income if resident in Norway or on their Norwegian-source income if they are a non-resident.

2. WEALTH TAX (CAPITAL TAX)

Norway levies a net wealth tax on individuals, which is determined based on the total value of their assets minus liabilities. For individuals who are tax residents of Norway, this tax applies to their worldwide assets, meaning all of the assets owned globally are included in the calculation, with deductions allowed for corresponding liabilities. In contrast, non-residents are subject to the net wealth tax only on assets located within Norway, with liabilities related to those Norwegian assets taken into account. This approach ensures that residents are taxed on their global net wealth, while non-residents are taxed solely on their Norwegian-based net assets.

The basis for wealth tax is the individual's net wealth as of 1 January in the year following the relevant income year. This means that all assets and liabilities are valued as they stand on this date to determine the taxable net wealth. Certain asset classes, such as primary residences, holiday homes and shares, benefit from a valuation discount when calculating an individual's net wealth for tax purposes, thereby reducing the taxable value of these assets.

A standard deduction applies before wealth tax becomes payable. For the 2025 tax year, the threshold is set at NOK 1.76m per individual and NOK 3.52m for married couples. Only net wealth exceeding these amounts will be subject to wealth tax, ensuring that individuals and couples with assets below these thresholds are exempt from the tax.

The tax rate is one per cent on net wealth up to NOK 20.7m and 1.1 per cent on net wealth in excess of NOK 20.7m (2025).

3. DOUBLE TAXATION TREATIES

Norway has an extensive network of double taxation agreements to prevent the same income or wealth from being taxed in more than one jurisdiction.

4. TAXATION OF INHERITED OR GIFTED ASSETS

Until a deceased's estate has been settled/distributed, the estate is regarded as a separate legal entity for tax purposes and, thus, as a separate subject for taxation, both for income and wealth. The heirs have a personal liability to pay the deceased's taxes if the estate has been assumed pursuant to private administration by the heirs (see section II.A for more information).

The estate is subject to the same tax rates as those applied to individual taxpayers. A carryover cost principle applies, meaning that the estate or the recipient inherits the original acquisition value (cost basis) and acquisition date of the asset from the donor or deceased. This applies to most types of assets, such as shares, real estate and business assets. The practical implications of the carryover cost basis principle are as follows:

- No immediate taxation: There is no immediate income, gift or inheritance tax upon receiving assets as a gift or inheritance.
- Taxation upon realisation: When the recipient later sells or otherwise realises the asset, capital gains tax is calculated based on the original cost basis. The gain is the difference between the sale price and the original acquisition value.
- For example: A parent buys shares for NOK 100,000 and gifts them to a child when their value is NOK 500,000. The child takes over the parent's cost basis of NOK 100,000. If the child sells the shares for NOK 600,000, the taxable gain is NOK 500,000 (NOK 600,000 minus NOK 100,000).

Special rules may apply to primary residences and holiday homes in cases where the donor satisfies the conditions for a tax-free sale of the property. Under these circumstances, the recipient or the estate of the deceased may use the property's assumed market value at the time of transfer or death as the cost basis when calculating any potential taxable gain upon a subsequent sale. This approach can result in a more favourable tax outcome for the recipient, as it may reduce the capital gains tax liability compared to using the donor's original acquisition cost as the basis.

5. EXIT TAX ON UNREALISED GAINS FROM SHARES

Special regulations apply to the transfer of financial instruments, such as shares, mutual funds and stock options etc, from an estate to recipients who are not tax residents in Norway. In these situations, an exit tax (also known as an emigration tax) is levied on any unrealised capital gains associated with the transferred assets, provided that the total unrealised gain exceeds NOK 100,000 at the time of the transfer. This exit tax applies regardless of whether the transfer occurs as part of an inheritance or as a gift. If shares or similar financial assets are gifted by a Norwegian tax resident to a recipient who is a non-resident for tax purposes, the donor will be subject to exit tax on any unrealised gains exceeding NOK 100,000 in the income year in which the gift is made.

The exit tax is calculated based on the unrealised gain as of the day before the shares are transferred to the foreign tax resident. Importantly, this tax liability remains fixed, and there is no adjustment or reduction even if the shares are subsequently sold at a lower gain or a loss. These rules are designed to ensure that Norway retains the right to tax the gains accrued while the shares were held by Norwegian tax residents, regardless of the recipient's future tax status or the eventual sale price of the shares.